



STATE OF WASHINGTON  
**PUBLIC DISCLOSURE COMMISSION**

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX (360) 753-1112

Toll Free 1-877-601-2828 • E-mail: [pdc@pdc.wa.gov](mailto:pdc@pdc.wa.gov) • Website: [www.pdc.wa.gov](http://www.pdc.wa.gov)

March 11, 2016

The Honorable Robert Ferguson  
Attorney General  
1125 Washington St SE  
PO Box 40100  
Olympia, WA 98504-0100

RE: Washington State Public Disclosure Commission Recommendation Following Staff  
Investigation re: Washington State Association for Justice (WSAJ), and Gerhard Letzing  
and Suone Cotner, WSAJ Executive Director and Deputy Director, PDC Case No. 2863

Dear Attorney General Ferguson:

This letter concerns the matter that your office referred to the Public Disclosure Commission for review and possible investigation on February 10, 2016 in response to a 45-day Citizen Action Complaint (Complaint) filed with the Attorney General on January 26, 2016 by David Dewhirst and James Abernathy of the Freedom Foundation. The Complaint alleged that Respondents Washington State Association for Justice (hereafter, WSAJ), and Gerhard Letzing and Suone Cotner, WSAJ Executive Director and Deputy Director, violated RCW 42.17A.630 by failing to file special L-3c reports required from a lobbyist employer, disclosing the association's monetary and in-kind contributions to candidates, elected officials, officers and political committees.

Staff reviewed the complaint and prepared a Report of Investigation, Executive Summary, and Staff Analysis concerning the alleged violations by WSAJ, Gerhard Letzing, and Suone Cotner. The Commission considered the results of staff's investigation at a special Commission meeting held March 10, 2016, where PDC staff presented its Executive Summary and Staff Analysis which included a recommendation regarding the allegations. A copy of the Executive Summary and Staff Analysis is enclosed with this letter.

**Staff Conclusion**

As noted in the attached Executive Summary and Staff Analysis, staff concluded that:

WSAJ, Gerhard Letzing, and Suone Cotner, did not violate RCW 42.17A.630(2) by failing to file special L-3c reports of contributions as a lobbyist employer, after various political committees made payments to WSAJ for administrative fees. No evidence was found that these regular payments, which totaled nearly \$700,000 over five years, represented reimbursement of in-kind contributions made by WSAJ. Rather, the payments to WSAJ represented consideration for services that WSAJ provided to the committees.

Staff concluded that WSAJ did violate RCW 42.17A.630(2) by failing to file L-3c reports for monetary contributions to political committees totaling \$81,872.20, when the contributions were not disclosed by WSAJ's registered lobbyists. The reports were due on two occasions in 2012, and were not filed.

In addition, WSAJ violated RCW 42.17A.630(1) by failing to disclose a \$70,000 contribution to the political committee Our Washington on the annual L-3 report that WSAJ filed as a lobbyist employer on February 28, 2013 for calendar year 2012.

**Commission Recommendation**

In a unanimous vote, the Commission found multiple apparent violations of RCW 42.17A.630(1) and (2) by WSAJ, and recommends that the Attorney General take appropriate action concerning WSAJ's apparent failure to report all of its reportable monetary contributions on L-3 and L-3c reports during the five-year period of March 2011 – February 2016.

If you have questions, please contact me at (360) 664-2735. Thank you.

Sincerely,

  
Evelyn Fielding Lopez  
Executive Director

Enclosure

cc: Commissioners  
Linda A. Dalton, Sr. Assistant Attorney General  
David M.S. Dewhirst and James G. Abernathy, Counsel, Freedom Foundation  
Dmitri Iglitzin, Counsel, WSAJ

**Executive Summary and Staff Analysis**  
**Washington State Association for Justice (WSAJ),**  
**Gerhard Letzing, and Suone Cotner**  
**(45-Day Citizen Action Complaint)**  
**PDC Case No. 2863**

This summary highlights staff's findings, conclusions, and recommendations regarding the allegations contained in PDC Case No. 2863, a 45-Day Citizen Action Complaint (Complaint) filed on January 25, 2016 by David Dewhirst and James Abernathy of the Freedom Foundation against the Washington State Association for Justice (hereafter, WSAJ), and Gerhard Letzing and Suone Cotner, WSAJ Executive Director and Deputy Director.

**Background**

The Attorney General's Office referred the Complaint to the PDC on February 10, 2016 for investigation and possible action. On February 12, 2016, PDC staff sent a letter to WSAJ through its Executive Director Gerhard Letzing, informing the respondents that staff had opened a formal investigation, and requesting a written response. On February 25, 2016, Dmitri Iglitzin, counsel to WSAJ and WSAJ staff, provided a response to the allegations.

**Allegations**

The Complaint alleged that as the employer of registered Washington State lobbyists, WSAJ violated RCW 42.17A.630 by failing to file required special reports disclosing the association's monetary and in-kind contributions to candidates, elected officials, officers and political committees, alleged violations of RCW 42.17A.630(2)<sup>1</sup>.

**Investigative Findings and Conclusion**

Based on the factors identified in the investigation, staff found and concluded as follows:

During the period reviewed by staff, various political committees, including WSAJ's own political committee Washington State Association for Justice - Justice for All PAC (WSAJ PAC), reimbursed WSAJ for administrative fees and professional services. PDC staff found no evidence that these payments to WSAJ indicated that WSAJ made in-kind contributions to political committees as alleged in the Complaint, and failed to report these contributions as a lobbyist employer. Rather, staff found that the political committees' payments to WSAJ constituted payments for services rendered to the committees.

Staff's findings indicate that WSAJ, as a lobbyist employer, did violate RCW 42.17A.630(2) by failing to file special L-3c reports of monetary contributions to political committees totaling \$81,872.20, when the contributions were not disclosed by WSAJ's registered lobbyists. The reports were due on two occasions in 2012, and were not filed.

---

<sup>1</sup> For periods prior to January 1, 2012, RCW 42.17A.630 was codified as RCW 42.17.180.

In addition, staff's findings indicate that a \$70,000 contribution by WSAJ to Our Washington PAC, made on or around October 12, 2012, was not disclosed on the annual L-3 report WSAJ filed as a lobbyist employer on February 28, 2013, indicating a violation of RCW 42.17A.630(1). At the time WSAJ made this contribution to Our Washington PAC, the latter was sponsoring Independent Expenditure political advertising and Electioneering Communications in opposition to the 2012 Rob McKenna Campaign for Governor.

Other unreported monetary contributions by WSAJ, including a \$500,000 monetary loan to the Stop the Insurance Industry Takeover Committee (No on I-1082), were required to be disclosed on L-3 and L-3c reports due outside the five-year limitation on state actions in RCW 42.17A.770.

### **Recommendation**

For the reasons described above, staff recommends that the Commission find multiple apparent violations of RCW 42.17A.630(1) and (2) and recommend to the Attorney General to take appropriate action concerning WSAJ's apparent failure to disclose all of its reportable contributions on L-3 and L-3c reports during the five-year period of March 2011 through February 2016.